

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 NEA-11 IO-13 ISO-00 SSO-00 TRSE-00

STRE-00 INRE-00 NSCE-00 ICAE-00 AGRE-00 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05

L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15

STR-07 ITC-01 SP-02 SOE-02 OMB-01 DOE-15 /121 W

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FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 9578

INFO AMEMBASSY OTTAWA

AMEMBASSY TEL AVIV

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OTTAWA FOR STEWART

PASS TREASURY

PASS STR ELECTRONICALLY

E.O. 11652: N/A

TAGS: GATT, IS

SUBJECT: GATT COUNCIL - ISRAELI SPECIFIC DUTIES

1. IN DISCUSSIONS WITH INTERESTED DELS WE HAVE LEARNED THAT MOST DELS SUPPORT THE FORMATION OF A WORKING PARTY TO LOOK AT THE GENERAL QUESTION OF ADJUSTMENT TO SPECIFIC DUTIES IN A SYSTEM OF FLOATING EXCHANGE RATES, WITH TERMS OF REFERENCE ALONG THE FOLLOWING LINES "TO EXAMINE THE MODALITIES FOR THE APPLICATION OF ARTICLE II:6(A) IN A SYSTEM OF FLOATING EXCHANGE RATES". EC (LUYTEN) HOWEVER REMAINS RELUCTANT AND MAY PROPOSE TO COUNCIL THAT COUNCIL INVITE AN OPINION FROM IMF BEFORE DECIDING WHETHER A WP IS NECESSARY. WE SEE THIS AS PRIMARILY A STALLING TACTIC

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BUT ARE UNABLE TO DISCERN LUYTEN'S REASONS FOR STALLING SINCE MOST EC MEMBER STATES APPEAR INDIFFERENT ON THE MATTER.

2. FACED WITH THIS LIKELY DELAY, THE ISRAELIS ARE SEARCHING FOR SOME MEANS OF HAVING THE COUNCIL GIVE ISRAEL THE GREEN LIGHT WHILE PUTTING OFF THE DECISION

ON THE WP TO STUDY THE GENERAL QUESTION. ACCORDING TO ISRAELI DEL THIS MIGHT INVOLVE STATEMENT BY IMF SUPPORTING ISRAELI CASE. IMF DEL SAYS THAT HE HAS NOT BEEN ASKED TO RENDER ADVICE BY ISRAELIS OR ANYONE ELSE BUT THAT IMF STAFF IN WASHINGTON HAS PREPARED AN IMF DRAFT POSITION ON THE GENERAL QUESTION THAT IMF REP NOWZAD WILL BRING TO GENEVA MAY 16 IN ORDER TO CONSULT WITH GATT SECRETARIAT.

3. IF WE CANNOT GET A WORKING PARTY ESTABLISHED WITH TERMS OF REFERENCE SIMILAR TO THOSE OUTLINED IN PARA 1 WE BELIEVE THAT MATTER SHOULD BE CARRIED OVER TO NEXT MEETING OF COUNCIL WITH UNDERSTANDING THAT BILATERAL CONSULTATIONS BE UNDERTAKEN TO WORK OUT DIFFERENCES. WE DO NOT FAVOR EC APPROACH AS WE BELIEVE IMF ADVICE SHOULD BE GIVEN IN THE WP AND NOT IN COUNCIL WHERE IMF ADVICE MIGHT HAVE UNWANTED INFLUENCE. SIMILARLY, WE DO NOT FAVOR GIVING ISRAEL GREEN LIGHT WHEN GENERAL QUESTION HAS NOT BEEN DISCUSSED UNLESS IT TEMPORARY IN NATURE AND TIED TO THE ESTABLISHMENT OF THE WP, THAT IS, A FORMULATION WHEREBY THE COUNCIL ALLOWS ISRAELI ACTION PENDING THE OUTCOME OF A WORKING PARTY ESTABLISHED TO EXAMINE THE GENERAL QUESTIONS. WE NOTE THAT ISRAELIS HAVE ALREADY IMPLEMENTED CHANGES IN SPECIFIC RATES SO QUESTION IS WHETHER COUNCIL IGNORES ISRAELI SITUATION OR GIVES IT A TEMPORARY CLOAK OF RESPONSIBILITY WHILE AWAITING RESOLUTION OF MORE GENERAL QUESTION.

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Message Attributes

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